InvestAcc
PENSION
ADMINISTRATION LTD

Small Self-Administered Scheme

SSAS

Key Features

Please read this document carefully, it is designed to help you decide if the InvestAcc SSAS is right for you.

A Small Self-Administered Scheme (SSAS) is a type of pension scheme aimed primarily at company directors and certain key employees, who require more flexibility and control over their pension arrangements. SSAS can offer a cost effective, tax efficient solution to your pension planning needs in a way that can also be very useful to your business. If you are unsure about which pension is best for you, please seek advice from a suitably authorised financial adviser before proceeding. Note that InvestAcc does not provide financial advice.

InvestAcc Pension Administration Limited performs the day to day administration, and InvestAcc Pension Trustees Limited will normally act as both professional trustee and scheme administrator, dealing with HMRC on your behalf. You, and any fellow scheme members, will each be appointed as managing trustees and will co-own scheme investments with the professional trustee on behalf of the beneficiaries. Note that any decisions made by the managing trustees must be made on a unanimous basis.

In the case of new SSAS arrangements, there must be an actively trading sponsoring employer when the scheme is established.

Note that the structure of InvestAcc SSAS means that there is one common investment fund, and all members will have an interest in a share of this fund, which may change over time. In other words, InvestAcc SSAS is for close groups of individuals who want to share the same investment strategy.

The InvestAcc SSAS is designed to be a registered pension scheme, which qualifies for all tax advantages available to UK pension schemes and operates as a trust governed by a set of rules which may change from time to time.

Contents

Aims

The InvestAcc SSAS is designed to provide you with:

- A means to save in a tax efficient way for your retirement.
- The option to take a pension commencement lump sum at retirement in exchange for part of your pension.
- The opportunity to take your benefits in stages or all at once.
- The option to take income withdrawals from your SSAS as flexi access drawdown or uncrystallised funds pension lump sums as an alternative to buying a guaranteed pension, which is often called an annuity and is explained in greater detail later in this section.
- Flexibility in buying an annuity if you wish, with some or all of your fund.
- Flexibility over provision for your beneficiaries in the event of your death.
- The ability to continue to invest your pension fund whilst withdrawing income, until it runs out.
- The ability to make investment decisions in conjunction with your fellow managing trustees and your investment manager and / or your financial adviser.
- The opportunity to invest in a broad range of investments.
- The benefit of the tax incentives available to registered pension schemes.
- Growth in your fund is usually free from capital gains and income tax, unless your investment is regarded as taxable property or trading by HMRC.

Your investment

- Your SSAS can receive previously accumulated pension rights from other registered pension schemes and you or your employer can make contributions into the scheme up until age 75.
- There is no commitment on your part to continue making contributions and no penalty for ceasing or reducing contributions to a SSAS.
- It is an HMRC requirement that you will not be able to take your benefits prior to age 55 unless you retire early due to ill health or have a protected early retirement age, as defined by legislation. Note that the earliest retirement age is expected to rise to 57 from 2028 and it may rise again in the future.
- The level of income withdrawn must be within any applicable HMRC limits, if your funds are subject to capped drawdown rules.

Risk factors

- Benefits due to you are not guaranteed and may be lower than you expect if growth in your investments and interest rates are lower.
- Inflation can erode the value of your investments, and the benefits available from them.
- Some investments may take longer to sell than other forms of investments.
- The value of your commercial property investments will be based on a valuer's estimate.
- Higher income withdrawals are unlikely to be sustainable, particularly if investment returns are lower than the withdrawals plus charges. They will also reduce the level of any potential future annuity.
- The higher the level of income withdrawals, the less you will have available to provide for beneficiaries, or to buy an annuity in the future.
- The investment growth can be lower than you expect, and capital values can rise or fall.
- Annuity rates can change substantially over short periods of time, both up and down. They could be worse if you buy an annuity later than they are now.
- If you do decide to buy an annuity, the longer you wait before buying an annuity, the greater the risk you bear of lower levels of income if you live longer than expected.
- As a pooled investment, your investment decisions are made jointly with any other members of your SSAS, and you may not always reach agreement.
- Our charges may change in the future, but we will always write to you to let you know in advance.

SSAS questions and answers

What is a SSAS?

A Small Self-Administered Scheme is a type of pension scheme which allows you to make your own investment decisions, in conjunction with your financial adviser and/or investment manager. If you appoint an investment manager or financial adviser, they must be suitably authorised by the Financial Conduct Authority.

You, or someone on your behalf, including your employer if you have one, can pay contributions regularly into the SSAS each month or year and/or pay single contributions.

You may also be able to transfer funds from other types of pension arrangements into a SSAS.

What are the tax advantages?

Under current legislation, you and your employer may be eligible to make tax-relieved pension contributions prior to age 75. You should speak to your accountant and / or financial adviser about the maximum permissible contributions.

The funds invested are free from UK income and capital gains taxes, unless your investment is regarded as taxable property by HMRC.

Death benefits are normally paid free of inheritance tax.

Tax benefits may change in the future which could affect the amount of benefits you receive.

What are the investment options?

All contributions and transfer values received are paid into a specifically designated pension scheme bank account set up to receive and pay monies as required. Funds may then be invested in a wide range of investments such as stock market shares, government securities (gilts), collective investment schemes, commercial property or land. It may also be possible to lend money to the sponsoring employer, on commercial terms.

Note that all investments are held in a single investment ‘pool’ invested for the benefit of all members.

Remember the value of your investments, and the income from them, can fall as well as rise.

Investments will be realised to pay benefits, to provide income withdrawals and to pay charges and any taxes that are the responsibility of the SSAS.

What is investment pooling?

All investments are made jointly, meaning that all growth, losses and expenses are shared between you in proportion to your interest in the total scheme assets. Any payments to or from the scheme will result in an adjustment to each member’s share of the pooled investments. Examples of such payments include, but are not limited to, contributions, transfers in or out, and benefit payments. All investments under InvestAcc SSAS are deemed to be pooled investments, unless otherwise agreed by us (and in some cases additional fees may apply).

What benefits can I have from the SSAS?

You can take benefits from your SSAS from age 55, whether you have retired or not. Under current rules, you cannot normally take the proceeds before age 55, unless you retire early due to ill health or have a protected early retirement age as defined by legislation. The Government has said that it intends to raise the early retirement age to 57 from 2028 and that it may rise again in the future.

When you take benefits from the SSAS the value of your SSAS fund will be tested against your lifetime allowance.

Your lifetime allowance does not restrict the amount of pension fund you can have, but it restricts the amount that is tax privileged, this means that if your pension fund exceeds your lifetime allowance, in the absence of Enhanced Protection, the excess will be subject to a tax charge when you come to take benefits and the amount of this charge will depend on whether you take this excess as an income or a lump sum.

Provided you have not used up all your lifetime allowance you are entitled to take the value of your pension (provided this does not exceed your lifetime allowance) to provide:

- A pension commencement lump sum of normally up to 25% of your share of the SSAS fund value and the remainder taken as flexi access drawdown.
- If you already have capped drawdown funds then you may be able to retain this so long as your income stays within the applicable limits, calculated using your age together with the government actuary's department (GAD) rates to create a 'basis amount'. You can then take anything up to this basis amount limit each year. The basis amount is reviewed every three years up to age 75 and every year after age 75.
- A pension commencement lump sum of normally up to 25% of your share of the SSAS fund value with the remainder of your pension fund used to purchase an annuity on the open market.
- A payment, or series of payments, of any amount from your uncrystallised funds, 25% of which will be tax free and the balance subject to income tax. This is known as an uncrystallised funds pension lump sum (UFPLS).
- You can elect to take a combination of phased annuity and income drawdown and phased income drawdown and phased annuity purchase. This allows you to phase your retirement.

The size of your fund will depend on how much you have invested, the length of time which funds have been invested and the return from the investments after charges. This may also be reduced by the effects of inflation.

For further information about the possible benefits from the InvestAcc SSAS please discuss the options with your financial adviser.

What happens if I take benefits in excess of my lifetime allowance?

If you take benefits from funds which are in excess of your lifetime allowance you can choose to take the excess as an income, as a lump sum or as a combination of both, but there will be a tax charge of 25% on the excess if it is paid as an income (plus income tax on the pension).

If you choose to take a lump sum from the funds in excess of your lifetime allowance, there will be a tax charge of 55% on the excess.

How much income can I withdraw from the SSAS?

For existing capped drawdown funds (set up before 6th April 2015), there are limits laid down by the Government as to the maximum annual income that can be taken from your fund. This maximum limit aims to avoid excessive depletion of your fund, but does not guarantee it.

For flexi access drawdown payments there is no maximum withdrawal. There is no minimum income amount that you must take from your pension fund.

Your financial adviser can explore alternative levels of income with you and the implications of taking different amounts. You need to think about the level of income you need, bearing in mind any other sources of income you may have, as well as rises in the cost of living and the need to provide for your dependants or beneficiaries.

You can vary the income level at any time.

If you are taking capped drawdown your age will determine when the maximum level of income you are entitled to is recalculated:

- If you are under 75 and taking income drawdown as capped drawdown, we must recalculate your maximum levels of income at least every three years.
- If you are 75 or over and taking capped drawdown, we must recalculate your maximum and minimum levels of income every year.

This recalculation may mean your maximum level of income may reduce or increase.

At each review, your financial adviser can provide an indication of the annuity that could be secured at that time.

When can I buy an annuity?

You do not need to purchase an annuity, but under current rules you may do so at any time from age 55. This earliest age is expected to rise to 57 from 2028 and may rise again in future.

Even though you do not need to purchase an annuity you should speak to your financial adviser about this option, as beyond a certain age you might not get as much from an annuity as you were taking in income withdrawals.

This is particularly true if you have taken high levels of income.

Generally, the older you are the more annuity you can buy for your money. Annuity costs can change all the time, up or down. Remember you can use your fund on the open market to take advantage of the best rates available from the whole range of insurance companies that offer annuities.

An annuity can provide a fixed amount of income, or it can increase each year. It is also possible to buy an annuity, which will continue to be paid to your spouse, dependants, or beneficiaries if you die. The income can be paid for life, or for a fixed period of time.

InvestAcc is not an annuity provider.

What happens if I am a member of a SSAS and I die?

You can nominate beneficiaries to receive benefits. Payments to beneficiaries are made at the discretion of the trustees, and may be in the following forms:

A lump sum, **or**
A flexi access drawdown pension, **or**
An annuity purchased on the open market, **or**
A charity of your choice.

Tax on death benefits:
Payments up to the available unused lifetime allowance are tax free to beneficiaries, if you die before age 75.

If you die from age 75 onwards, payments to beneficiaries are subject to the beneficiary's marginal rate of income tax. If the beneficiary is not a person who is a UK individual taxpayer then the rate will be 45%.

No inheritance tax is normally payable.

What happens if I am a member of a SSAS and stop paying contributions?

The fund in your SSAS will remain invested, but your benefits may be lower than you expected.

Can I make extra contributions to my SSAS?

Yes, up until age 75.

How do I obtain tax relief on my contributions?

If you are a UK resident, your regular and single contributions are paid gross and any tax relief should be claimed from HMRC by you personally. If your employer makes contributions, they will pay them gross. There is no tax relief on transfers from other pension funds into your SSAS. Remember that the rules on tax relief depend on individual circumstances and may change in the future without prior warning.

Can I transfer out?

Yes, but funds providing income withdrawals may only be transferred to registered pension scheme arrangements which have been set up for the purpose of receiving transfers from income withdrawal arrangements.

At our discretion, we may agree to a partial transfer out, although this will not be possible with any crystallised funds.

Can I change my mind?

There are no cancellation rights in respect of your SSAS.

Can I change my mind when electing to take benefits?

No.

What charges can I expect?

The charges for all transactions that take place in respect of InvestAcc are described in the *Guide to Services and Fees.*

How will I know what my share of the SSAS is worth?

Valuations are available from us on request.

Are there any possible tax charges?

Contributions in excess of the annual allowance will be subject to a tax charge at a level which effectively removes the tax relief on the excess amount, unless this contribution is made in the same tax year in which the member dies or retires due to serious ill health.

Investments within the SSAS enjoy freedom from UK tax on income and capital gains. However, if an investment is regarded as taxable property, it will be subject to tax charges prescribed by legislation.

Any income withdrawals and eventual annuity will be liable to income tax under PAYE arrangements.

If you die from age 75 onwards, payments to beneficiaries are subject to the beneficiary's marginal rate of income tax.

In the absence of Enhanced Protection, funds paid out which are in excess of your available lifetime allowance will be subject to a tax charge. The tax charge will be 25% on the excess if it is paid as an income (plus income tax on the pension), or if you choose to take a lump sum from funds in excess of your lifetime allowance there will be a tax charge of 55% on the excess.

If at any time you receive benefits which are not in accordance with current pension rules these will be regarded by HMRC as unauthorised payments and will be subject to any tax charges that are prescribed by legislation.

How much will the advice cost?

Your adviser will give you details about the cost of their advice and services.

What if I have a complaint?

If you have any cause for complaint about the service you have received in respect of the administration of your SSAS, please contact:

Compliance Manager
InvestAcc Pension Administration Limited
Minerva House
Port Road Business Park
Carlisle
CA2 7AF

You may also make a complaint to the Occupational Pensions Advisory Service and then to the Pensions Ombudsman. Details can be supplied on request.

Any complaint regarding the advice given to you by your financial adviser should be referred to them for review under their own complaints process, details of which should already have been provided by them.

If you have a complaint regarding an individual investment, this should be directed to the individual fund manager concerned and again, details should be provided by your financial adviser.

Making a complaint will not affect your legal rights.

Can I claim compensation?

The SSAS is not covered by the Financial Services Compensation Scheme.

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PENSION
ADMINISTRATION LTD

Minerva House
Port Road Business Park
Carlisle
Cumbria
CA2 7AF
t: 01228 538 988
f: 01228 535 988
e: sales@investacc.co.uk

www.investaccpensions.co.uk

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